

VZCZCXRO7034
PP RUEHCHI RUEHDT RUEHHM
DE RUEHVN #0290 0961001
ZNR UUUUU ZZH
P 061001Z APR 07
FM AMEMBASSY VIENTIANE
TO RUEHC/SECSTATE WASHDC PRIORITY 1098
INFO RUEHXS/ASSOCIATION OF SOUTHEAST ASIAN NATIONS PRIORITY
RHMCSUU/DEPT OF HOMELAND SECURITY WASHINGTON DC PRIORITY
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY
RHMFIUU/FBI WASHINGTON DC PRIORITY
RHEHNSC/NSC WASHDC PRIORITY

UNCLAS VIENTIANE 000290

SIPDIS

SENSITIVE
SIPDIS

STATE FOR EAP/MLS ED BESTIC

E.O. 12958: N/A

TAGS: [EFIN](#) [ETTC](#) [KTFN](#) [LE](#) [PREL](#) [PTER](#) [LA](#)
SUBJECT: ILLICIT CASH COURIERS IN LAOS

REF: STATE 16120

11. (SBU) Summary: Econoff met with Bank of Laos (BOL) Deputy Director General Mr. Leuane March 16, and NAS Director met with Lao Customs Deputy Director of International Relations Mr. Vongchan April 5 to discuss reftel and deliver nonpaper. DDG Leuane understands Financial Action Task Force (FATF) Special Recommendation #9.

However, Laos is not a member of the FATF, and his focus is currently on creating an effective Financial Intelligence Unit (FIU) within the bank that can actively track bulk cash transactions throughout the Lao banking sector. Mr. Vongchan said Laos was well aware of criminal organizations using cash couriers and noted the amount of illicit cash seized has risen in 2007. He blamed narcotics smuggling for the rise and said any additional training the U.S. could provide would be greatly appreciated. End Summary

12. (SBU) Econoff met March 16th to discuss reftel with Mr. Leuane Vongphranakhorn, Deputy Director General in the Bank of Laos' Supervision Department and Chair of the FIU, currently a committee within the BOL. Mr. Leuane was well aware of the Financial Action Task Force (FATF) Special Recommendation #9 and agreed that bulk cash smuggling was dangerous and disruptive. As he pointed out, however, Laos is not currently a member of the FATF, and his goal is currently to see the FIU committee become a full-time stand-alone department within the Bank of Laos that can effectively track suspicious transactions, including large movements of cash. According to Leuane, the BOL is currently receiving assistance from AUSTRAC, the Australian Transaction Reports and Analysis Center. AUSTRAC has helped with the design of a Secure Transaction Report (STR) Form for the BOL and is providing additional support.

13. (SBU) The BOL is also working with the United Nations Office on Drugs and Crime (UNODC) in Hanoi on a Cash Transaction Report (CTR) Form for domestic cash transactions over \$3,000. According to Leuane, international cash transactions over \$10,000 must currently be reported, although he is considering lowering the limit and asked for our opinion. Econoff suggested a lower limit, considering Laos' level of development. Leuane ended the conversation by requesting increased technical assistance for the Financial Intelligence Unit and additional training when possible.

14. (SBU) On April 5, the Embassy Narcotics Affairs Director delivered reftel talking points and non-paper to Vongchan Lawkhamphromtakoun, Deputy Director of the International Relations Division, Lao Customs Department. Vongchan stated the GOL was well aware of the use of cash couriers by

criminal organizations in Southeast Asia and had become increasingly concerned about this issue as the number of cash seizures at Lao border crossings has increased in the past year. During 2006, \$29,000 in undeclared currency was seized by Lao Customs at Wattay Airport in Vientiane. In 2007, this jumped to more than \$300,000 in only the first three months, most of the cash in Thai Baht. Cash couriers included Chinese, Sri Lankan, and Vietnamese nationals. Some used concealment devices, such as hollow books, as a means of smuggling currency.

15. (SBU) Vonchan said that the BOL is the lead agency on penal actions for violations of currency laws. Laos limits the import and export of cash to \$5,000. The GOL will seize 50% of any amount it finds in excess of that limit, and 100% of any cash used for illicit purposes, such as narcotics smuggling. Vonchan said that the latter was a major factor in the increased cash seizures that Customs had made this year. He also said that any training that the U.S. could provide in this area would be greatly appreciated.
HASLACH